
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Guidance for Using the Property Tax Cap Credits Allocation Workbook

Please note: This guidance, and the Excel workbook that accompanies it, are for use by taxing units at their own discretion. The workbook is simply intended as a tool to facilitate budget preparation. Any calculations produced by the workbook have no legal or binding effect on a taxing unit. Those using the workbook are exclusively responsible for the accuracy of the data they enter into the workbook and the outputs based on that data. Actual tax cap credits may differ from the workbook's estimates. Budget and levy decisions remain the responsibility of local government officials.

The Department of Local Government Finance ("Department") recently released its estimates of property tax cap impact for taxing units for the 2017 budget year. For information on those figures and budget process updates for 2017, please see the following memoranda:

- Property Tax Cap Credit Estimates: <http://in.gov/dlgf/2339.htm>
- Budget Streamlining: http://www.in.gov/dlgf/files/pdf/160330_-_Schaafsma_Memo_-_Budget_Streamlining.pdf
- Budget Form Changes for 2017 Budgets: http://www.in.gov/dlgf/files/pdf/160701_-_Parkinson_Memo_-_Budget_Form_Changes_for_2017_Budgets.pdf

To assist taxing units, the Department has developed an Excel file that taxing units may elect to use when identifying the property tax cap credits that could be associated with each fund. Taxing units are encouraged to list property tax cap credits by fund on Form 1 for all funds with levies other than exempt or debt-service funds.

The Department suggests that users complete the workbook in the following order:

1. Enter information about the taxing unit in cells A1:E3.
2. Enter property tax cap credits by taxing unit by maximum levy type in cells G6:G12.
3. Enter any funds that the unit intends to advertise and adopt beginning in cell A18.
4. Enter the levy amount, if any, for all funds beginning in cell G18.

The Excel workbook will calculate an estimated property tax cap impact amount by fund. To complete this calculation, the workbook calculates the proportion of the fund's levy relative to all levies for its maximum levy type and then multiplies that proportion by the property tax cap credits for the maximum levy type.

An example is below. The unit has \$500 in projected tax cap credits for civil maximum levy funds.

Fund	Fund Name (Populated by Excel Workbook)	Max Levy Type (Populated by Excel Workbook)	Form 4B Line 16: Property Tax Levy	Est Property Tax Cap Impact (Calculated by Excel Workbook)
0101	General	Civil	8,000	400
0840	Twp Assistance	Civil	2,000	100

In the example above, the user would enter fund codes 0101 and 0840, followed by \$8,000 and \$2,000 levies, respectively. The Excel file then calculates the estimated property tax cap impact by fund in the same proportion as the levy totals by fund within a maximum levy type.

Please note that a few limitations exist with the workbook. If a taxing unit levies for different combinations of funds within different taxing districts, the workbook may overstate the credit impact to some funds and understate the impact to other funds. A common example is a township that levies for its general fund in one taxing district, but levies for a fire fund in two taxing districts.

Please also note that the workbook does not allocate property tax cap credits to debt service funds. It is the Department's position that taxing units should continue to levy based on their debt service needs without accounting for property tax cap impact. For additional information, please see [http://www.in.gov/dlgf/files/pdf/160701 - Parkinson Memo - Budget Form Changes for 2017 Budgets.pdf](http://www.in.gov/dlgf/files/pdf/160701_-_Parkinson_Memo_-_Budget_Form_Changes_for_2017_Budgets.pdf).

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Questions may be directed to Deputy Commissioner Matthew Parkinson at (317) 232-3759 or mparkinson@dlgf.in.gov. Questions may also be directed to the Department's Budget Field Representative team. Contact information for Budget Field Representatives may be found at [http://www.in.gov/dlgf/files/Field Rep Map - Budget.pdf](http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf).